

104TH CONGRESS
2D SESSION

S. 2118

To amend the Internal Revenue Code of 1986 to allow the casualty loss deduction for disaster losses without regard to the 10-percent adjusted gross income floor.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 25, 1996

Mr. FAIRCLOTH (for himself and Mr. HELMS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow the casualty loss deduction for disaster losses without regard to the 10-percent adjusted gross income floor.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ELIMINATION OF 10 PERCENT FLOOR FOR DIS-**
4 **ASTER LOSSES.**

5 (a) GENERAL RULE.—Subparagraph (A) of section
6 165(h)(2) of the Internal Revenue Code of 1986 (relating
7 to net casualty loss allowed only to the extent it exceeds
8 10 percent of adjusted gross income) is amended by strik-
9 ing clauses (i) and (ii) and inserting the following:

1 “(i) the amount of the personal cas-
 2 ualty gains for the taxable year,

3 “(ii) the amount of the federally de-
 4 clared disaster losses for the taxable year
 5 (or, if lesser, the net casualty loss), plus

6 “(iii) the portion of the net casualty
 7 loss which is not deductible under clause
 8 (ii) but only to the extent such portion ex-
 9 ceeds 10 percent of the adjusted gross in-
 10 come of the individual.

11 For purposes of the preceding sentence the
 12 term ‘net casualty loss’ means the excess of
 13 personal casualty losses for the taxable year
 14 over personal casualty gains.”

15 (b) FEDERALLY DECLARED DISASTER LOSS DE-
 16 FINED.—Paragraph (3) of section 165(h) of the Internal
 17 Revenue Code of 1986 (relating to treatment of casualty
 18 gains and losses) is amended by adding at the end the
 19 following:

20 “(C) FEDERALLY DECLARED DISASTER
 21 LOSS.—The term ‘federally declared disaster
 22 loss’ means any personal casualty loss attrib-
 23 utable to a disaster occurring in an area subse-
 24 quently determined by the President of the
 25 United States to warrant assistance by the Fed-

1 eral Government under the Disaster Relief and
2 Emergency Assistance Act.”

3 (c) CLERICAL AMENDMENT.—The heading for para-
4 graph (2) of section 165(h) of such Code is amended by
5 striking “NET CASUALTY LOSS” and inserting “NET NON-
6 DISASTER CASUALTY LOSS”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to losses attributable to disasters
9 occurring on or after January 1, 1996, including for pur-
10 poses of determining the portion of such losses allowable
11 in taxable years ending before such date pursuant to an
12 election under section 165(i) of the Internal Revenue Code
13 of 1986.

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